Your earnings-related pension and other social security in Finland

This brochure briefly introduces the Finnish pension and social security system according to the legislation in force in 2016.

**Personal identity code**
When you start working in Finland, you should apply for a Finnish personal identity code. The use of a personal identity code reduces the risk of registration errors, thus improving your legal protection. A person residing in Finland on a temporary basis can be given a Finnish personal identity code if he or she needs it for employment.

Foreign citizens can submit their registration to the local Register Office (Maistraatti), tax office or branch of the Social Insurance Institution of Finland (Kela) of their place of residence. For registration, citizens of EU/EEA Member States must present a valid passport or an official photo ID. The certificate of registration of the right of residence of a Union citizen is needed if the stay in Finland exceeds three months. The citizens of other countries are required to present a valid passport and a residence permit.

**Earnings-related pension insurance**
As a general rule, you are covered by the Finnish statutory and obligatory pension insurance system when working in Finland. Your employer has chosen Varma Mutual Pension Insurance Company to handle the employees’ earnings-related pension insurance (TyEL insurance).

An exception to this general rule is where you simultaneously have another employer (or several employers) in another EU/EEA Member State or in Switzerland. In this situation, you should contact the institution handling insurance matters in your country of residence to find out which country’s social security system is applicable in your case. All your employers will pay their social security contributions to that country. According to the EU Regulation on the Coordination of Social Security 883/04, you can only be covered by the social security system of one country at a time.

**Earnings-related pension contribution**
The employer pays the largest share of the earnings-related pension contribution, which is 24.6% (if total payroll less than 2.025 ME) of the employee’s salary. Your employer withholds your share of the TyEL contribution, which, in 2016, is 5.7% for employees below the age of 53 and 7.2% for those aged 53 and over, from your salary before payment. There is no earnings cap for the contribution.

**Registration of pension entitlement**
Your employer will report your name, personal identity code and payroll information to Varma. Varma will register your employment information and your pension entitlement under your personal identity code.

**Pension accrual**
Your earnings-related pension is calculated based on your annual earnings, after the deduction of the employee’s pension contribution. Pension accrues on annual earnings at a rate of 1.5% for employees aged under 53, 1.9% for those aged 53—62 and 4.5% per year for those aged 63—67. There is no maximum limit for the amount of pension.
When calculating pension, the accrued pension is indexed to the level of the year in which the pension starts using a wage coefficient in which the change in earnings is weighted at 80% and the change in prices at 20%.

You can find information on your accrued pension in your pension record. This record is sent to employees residing in Finland. If you do not reside in Finland but need information on your accrued pension, please contact Varma. You can find information on pension accrual on Varma’s website www.varma.fi. You can check your pension information in Varma’s eServices. You can log in to the service using your Finnish personal online banking codes.

The earned pension entitlement remains in Finland. It cannot be transferred to the pension system of another country, nor can the paid insurance contributions be returned. Earnings-related pension is paid out to employees residing in any country worldwide.

The pension benefits under the Finnish employment pension acts include, among others, old-age pension, disability pension and survivors’ pension.

Applying for pension
Pensions must always be applied for. You can apply for an old-age pension at your discretion at any time between the ages of 63 and 68.

Keep your Finnish personal identity code for this purpose. It is also recommended that you retain any other documents concerning your employment, such as the employment contract and tax information.

If you reside in an EU/EEA Member State, Switzerland or Australia, India, Israel, Canada/Quebec, Chile or USA: contact the local pension authority of your country of residence when you wish to apply for pension from Finland.

If you reside in another country, contact Varma directly or the Finnish Centre for Pensions.

Other social security
In addition to earnings-related pension insurance, other statutory insurance includes workers’ compensation (accident at work) insurance, unemployment insurance, group life assurance for employees and sickness insurance.

The cost of the workers’ compensation insurance is paid by your employer. It provides compensation for costs arising from accidents at work or occupational diseases. In case of an accident, please contact your employer.

The employer and the employee share the unemployment insurance contribution. Your part of the contribution is withheld from your salary before payment. For more information on the basic unemployment allowance, please contact Kela.

Your employer pays the group life assurance for employees, under which a lump sum compensation is paid in the case of death. More information: www.trhv.fi.

The health insurance contribution is part of your personal income tax percentage. When working in Finland, you may be entitled to residence-based social security, which covers sickness insurance, among other things. You can apply for a decision on whether you are entitled to residence-based social security by submitting the ‘Y77’ form to Kela. More information on residence-based social security and benefits is available at www.kela.fi.